



THE TREASURY
Kaitohutohu Kaupapa Rawa

TREASURY'S PACIFIC STRATEGY 2016-2020

Le tofa mamao ma le fa'autautaga

*The wisdom to visualise the future
and the ability to take us there*



Treasury's Pacific Strategy 2016-2020

“Le tofa mamao ma le fa’autautaga”

(Meaning – “The wisdom to visualise the future and the ability to take us there”)

Introduction

This Strategy has been developed in recognition of the importance of our Pacific population in meeting New Zealand's economic and social aspirations for raising living standards of all New Zealanders. Pacific peoples make up a substantial proportion of the population, including the working population, and this proportion is expected to increase over time.

Treasury in its Living Standards Framework recognises that the engagement of Pacific New Zealanders in all facets of the economy and society is necessary for the New Zealand of the future to have a robust, sustainable and competitive economy, with strong and independent families and communities.

Pacific peoples have a particular perspective on the world and their place within it that needs to be recognised in designing our advice and interventions. This perspective includes:

- A strong focus on the role of communities and families
- A central role of religion
- Clear expectations for how people operate in the world and in relation to each other – including respect, reciprocity, and maintaining relationships.

Treasury's role in supporting improved living standards must build from this perspective, which means we need to have better ways of understanding and incorporating a Pacific worldview in our work across a number of areas.

Background

The Pacific community is a diverse community comprised of 7 major population groups. A significant majority is the Polynesian group comprising more than 80% of the New Zealand Pacific population. The Pacific population is predominantly localised in the Auckland area and experience a range of social and economic challenges, including housing, education and health.

Over the last year I have studied the demographics and geographic distribution of New Zealand's Pacific population with a view to how we could better engage with that population and how we could encourage Pacific peoples to contribute to the Treasury's vision of higher living standards for all New Zealanders.

The signs are positive at a national level:

- Pacific early childhood education participation rate is currently at 89 per cent, up from 84 per cent in 2008. And Pacific students leaving school with NCEA Level 2 is at 72 per cent, up from 55 per cent in 2008.¹
- Improving Pacific educational achievement will improve Pacific people's ability to obtain employment and to get higher paying jobs. This will allow them to better care for their families and communities and achieve some measure of independence and self-management. More importantly all commentators recognise that education is a critical tool in driving better economic outcomes.
- The number of Pacific people in employment has increased – with 7,900 more Pacific people in work in 2013(from 98,000 to 105,900 as at 31 March 2014). The average weekly earnings for Pacific people in paid employment have also increased from 14% in the five years to 2013².

The recent economic snapshot published by MBIE in its Pacific Indicators report confirms what we all know – that there is a significant gap in the economic outcomes (incomes and net worth) of Pacific people compared to the rest of the population (Maori being the main exception on a number of measures). This gap reflects major structural factors impacting on our economic performance, including the young age structure of Pacific people, the differences in qualifications and skills, the sectors of employment where Pacific peoples are located, and the high proportion of migrants in the Pacific workforce (who tend to earn less than non-migrants).

¹ Pasefika Education Plan, MoE 2014

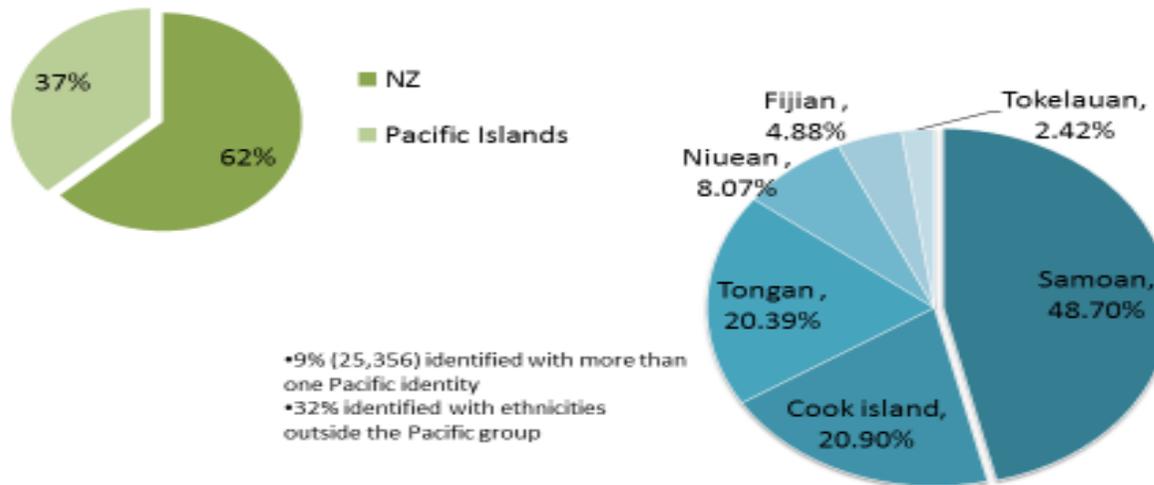
² MBIE Pacific Economic Strategy 2105-2021 – Labour Market Trends

These structural factors, if left alone, will take a long time to change. Changing other characteristics of those already in the workforce is necessary to effect change, while recognising that even if from now on New Zealand born Pacific people gained the same qualifications and skills as the rest of the population, differences in incomes and wealth between the Pacific and other population groups would persist for some time. Initiatives such as upskilling programmes being delivered and encouraged in key sectors with high Pacific workforces, through the MBIE and industry training organisations, and improvements in the delivery of educational programmes and NCEA targets in addition to government incentives for trades training is likely to make significant improvements in the qualification, skills and workforce participation of Pacific peoples.

Who are Pacific people?

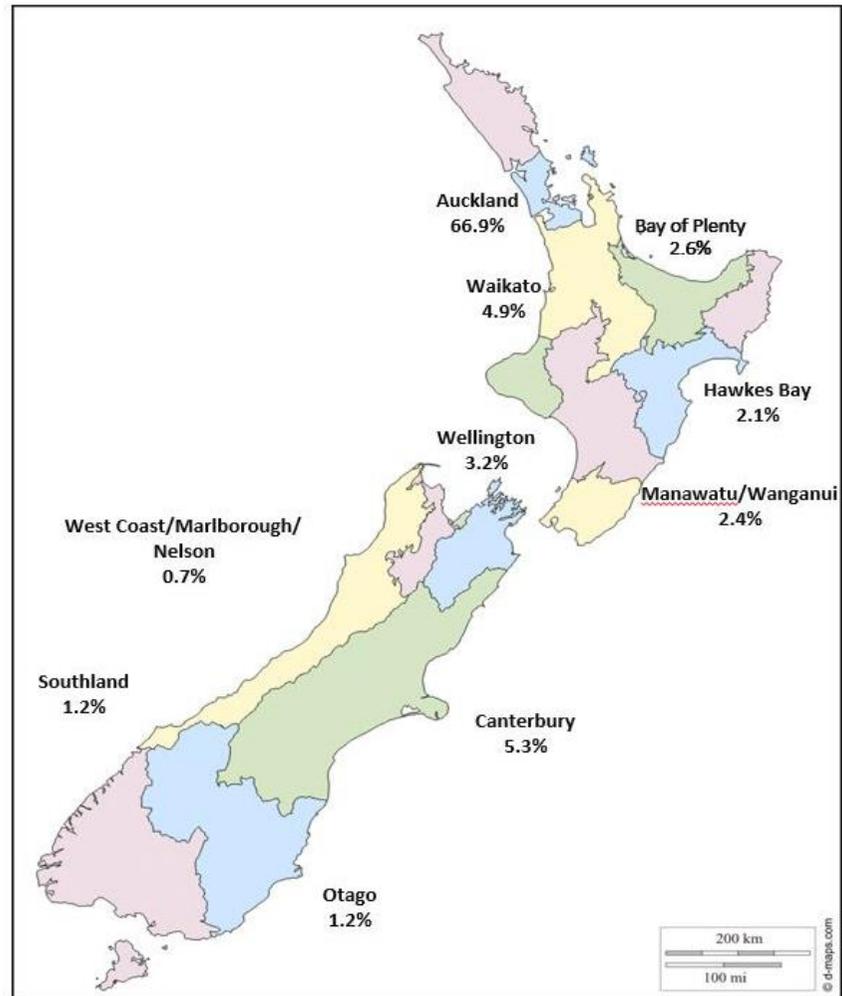
295,941 people identified with a Pacific ethnicity in the 2013 Census

Born in:



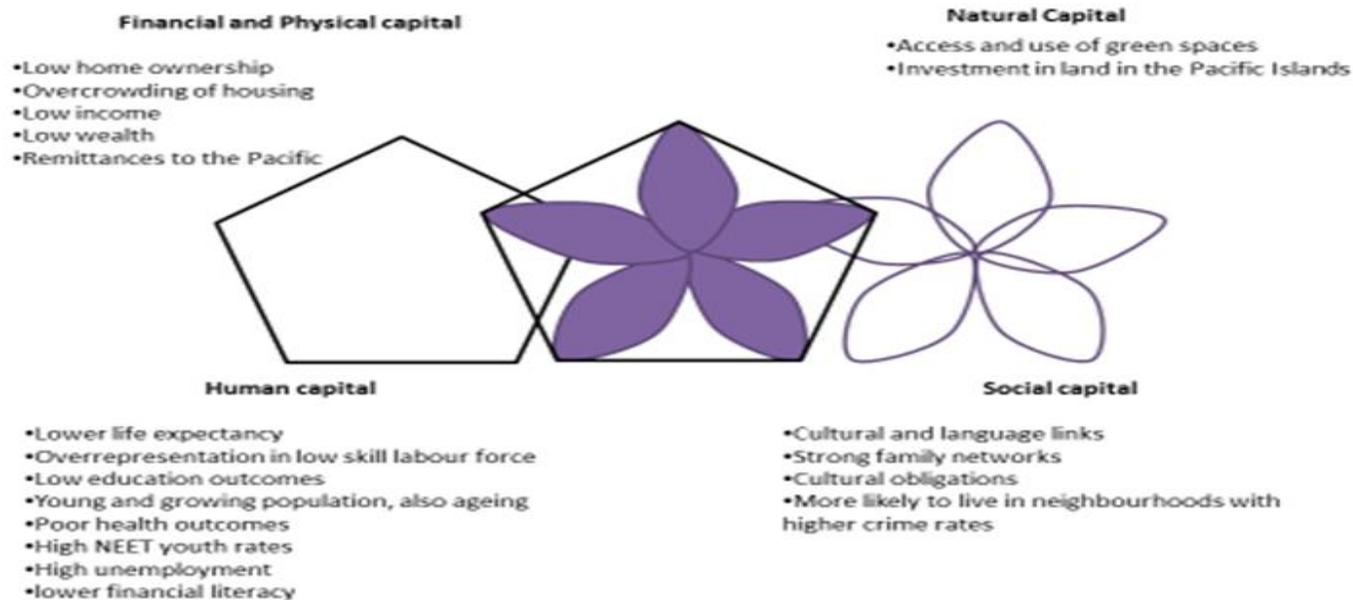
Where are they located?

Pacific Populations as at
2013 Census



Snapshot of Pacific Living Standards³

Capitals of Pacific People



Potential Opportunities

As the Pacific population in New Zealand continues to grow, and as improvements are being gradually reflected in key areas, so too does the potential for the Pacific community to make a material contribution to the country's economic and living standards goals. The 2013 Census showed that 7.4% of the New Zealand population are Pacific peoples (295,994), with two-thirds of them in the Auckland region (67%).

³ Eva Lawrenson – Treasury intern 2015

New Zealand's Pacific population is a youthful one. The median age of Pacific peoples is 22.1 years, compared with 35.9 years for the overall New Zealand population. In 15 to 20 years, one in five New Zealand children will be Pacific, and one in eight workers under 39 years will be Pacific.

The rapidly growing demographics for Pacific peoples and its implications for the New Zealand economy and living standards in the future, provides a persuasive argument for Treasury to focus on building its knowledge and capability about Pacific peoples and the pathways and social investment approaches that we could use to support Pacific peoples build and sustain its economic performance.

Treasury's role and opportunity to lead change

The Treasury can help improvements in Pacific living standards to happen faster. Historically, the Pacific community has not been active in its participation and relationship with Treasury, so we need to put greater effort into understanding, developing and leveraging off our strategic relationships with Pacific peoples. This will, in the first instance, require us to:

- build our internal capability and knowledge of Pacific dynamics
- expand our understanding of Pacific values, beliefs and behaviours (the Pacific operating model)
- deepen our knowledge of population demographics
- create collaborative relationships with Pacific economic stakeholders and leaders

Organisational capabilities in these areas will add value to our advice to Ministers, make it more relevant and effective, improve our organisational responsiveness to diversity and social inclusion, and help reinforce our ambition to be a world organisation delivering results *for all* New Zealanders. Embedding organisational capability that is responsive to Pacific diversity also enables Treasury to better engage and listen to Pacific leaders and families. This may also help support Pacific communities and entrepreneurs with knowledge and information that enables them to take advantage of the economic development opportunities available within the public and private sectors.

What this means for ELT

The value proposition of the Pacific Strategy centres on building Treasury's Pacific policy and thinking capabilities while at the same time build engagement and relationships with economic stakeholders and influential Pacific leaders who have the influence and the ability to mobilise and encourage Pacific parents and families to support and encourage entrepreneurship and economic leadership. These community engagements have already started with a public meeting between the Treasury leadership and Pacific economic stakeholders in Manukau, Auckland. This meeting was well attended and received considerable attention in the media and with the Pacific communities in Auckland. It provided an excellent opportunity for Treasury to begin regional conversations with influential Pacific leaders and economic

stakeholders on what Treasury does and to listen to key leaders on what we could do to support and accelerate Pacific economic performance. The next engagement meeting is scheduled to be held on the 29 September in Porirua.

In addition to this, the ongoing refinement of the Living Standard Framework in terms of its relevancy and applicability to Pacific populations in New Zealand, and the delivery of the Pacific capability tools within Treasury extends our critical thinking in key areas such as social inclusion and wellbeing and broadens our perspectives and responses to include consideration of the opportunities provided by New Zealand's growing and increasingly diverse Pacific population. In essence ELT through this strategy can be assured and confident that Treasury's work and advice is inclusive of Pacific peoples.

This objective however, will require a permanent position in Treasury for a highly knowledgeable, skilled and dedicated Pacific champion in the organisational development directorate to lead, guide and sustain the Treasury's Pacific capability responsiveness programme and external relationships going forward, embedded in our refreshed organisational structure. The coverage of the position will include providing induction type programmes for all new staff at Treasury, together with ongoing monitoring and staff development programmes and mentoring.

The Strategy also provides opportunities for us to advocate to specific groups and individuals the benefits of Pacific people choosing Treasury as an opportunity to make a difference to Pacific communities by bringing their diversity of thinking into Treasury. At the front end, for example, the Strategy is able to add value to our workforce recruitment and retention strategies, such as the Treasury's Graduate and Internship programmes, by building on Pacific community network relationships and by facilitating ongoing conversations, presentation and seminars targeting student organisations and tertiary bodies and institutions with high Pacific student representation. The coordination and secondment exchanges of Pacific students in Graduate and Internship programmes by agencies across the public sector will also play a key role in the suite of initiatives that we expect the Strategy to develop and monitor with the aim of increasing our Pacific workforce pool. Ongoing advice to enhance our current selection, recruitment and retention processes (by identifying unintended barriers to Pacific applicants) is also a key added value element implicit in the Pacific Strategy.

Purpose of the Strategy

The Strategy aims to socialise and support Pacific perspectives and inclusiveness into the full range of Treasury outcomes and thinking in the long term, from the strategic level to our organisational systems, and human resource development and performance management mechanisms. The Strategy also aims to create and sustain processes for engaging with Pacific economic stakeholders which will enable

us to listen and take into account, the unique issues and economic challenges facing Pacific peoples, which at times may not be clearly reflected in our data analysis and advice.

Balancing the insights acquired through our community engagements and that obtained through our own data analysis and thinking would enable us to bring a more accurate emphasis on social investment areas that our consultations, research and knowledge of the Pacific operating model tells us will achieve faster improvements in the economic performance and wellbeing indicators for Pacific peoples.

Objectives of the Strategy

The Strategy identifies two key objectives for Treasury. These objectives are grouped around two separate but integrated result areas.

1. Internal objectives

The first of these objectives is internally driven and focuses on building internal organisational knowledge and capability. This includes knowledge and understanding of Pacific perspectives, the awareness of which will broaden and enhance our understanding of the Living Standards Framework and what this might mean for Pacific peoples in New Zealand. Consideration of the Living Standards Framework for relevancy and applicability to Pacific peoples is explicit in the implementation of the Strategy and adds value to our thinking on other related priorities such as our thinking on social inclusiveness, diversity, unconscious biases, and in the framing of our economic narrative that is relevant to populations such as Pacific. The Internal objectives focuses on organisational systems and opportunities for embedding and driving Pacific knowledge and capability within the Treasury.

2. External objectives

The Strategy's second objective focuses on building our Treasury connections and relationships with Pacific economic stakeholders and leaders. This relationship broadens our understanding of what matters to Pacific peoples on the ground, and deepens our understanding of "what works" interventions which add value to our analytical thinking and advice to Ministers and to our work with partner agencies, especially on options for improving Pacific economic performance and living standards. This objective also includes our relationships with other agency partners through our contribution and leadership in the Pacific senior officials interagency group comprised of senior officials from Education, Ministry of Business Innovation and Employment, Health, Ministry of Social Development, Tertiary Education Commission, NZQA and Ministry of Pacific Peoples. This interagency relationship for example, has enabled inter-agency discussions on the development of a Graduate Exchange and mentoring programme across agencies, supported by the States Service Commission. This inter-agency group provided support for a joint capability building programme for policy specialists in the Ministry of Education using the Treasury's recently developed Pacific capability tools.

Action Plans

To implement the Strategy, two action plans covering the two strategic objectives of the Strategy have been developed. These action plans details the deliverables for the achievement of our internal and external objectives and includes the resourcing required to implement the Strategy. Kaiurangi may want to consider these actions plans and report back to ELT on the issues and resourcing surrounding implementation of the Strategy. These action plans are not exhaustive and are subject to ongoing reviews and continuous improvement changes during implementation.

Strategy Sponsor

Fiona Ross Deputy Secretary

Strategy Owner

Amy Alison, Director

Jeremy Salmond, Manager

Programme lead

Su'a Kevin Thomsen, Principal Adviser

Title: The Treasury's Pacific Strategy (*"Le tofa mamao ma le fa'atautaga"*)

Outcome:

1. The Pacific Strategy will contribute to raising living standards for New Zealanders by helping the Treasury to advise Government on what matters most for Pacific peoples in New Zealand.
2. All Treasury staff have the capability and knowledge of the Pacific operating model which adds value and depth to our advisory functions and organisational responsiveness.

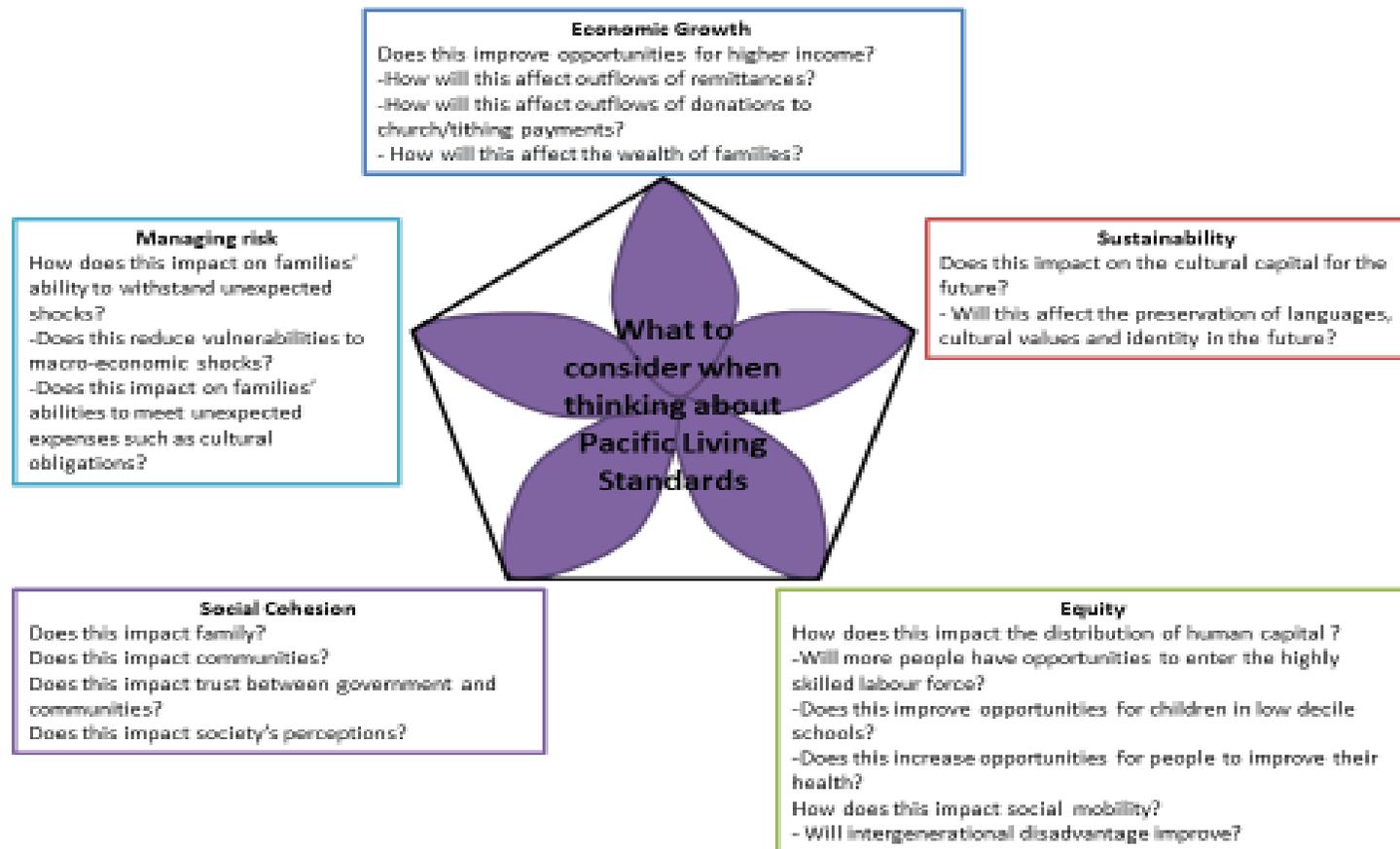
Raising Pacific living standards

Like other migrants, Pacific people migrated to New Zealand because they wanted higher living standards for themselves and their families. They wanted their children to have better opportunities for education and they wanted to increase their families' wealth. This ambition is not lost on the next generation. Pacific young people in conversations with Treasury want access to the same opportunities as other New Zealanders (McGuinness Institute workshops participants). They want to be seen to be successful in not just sporting or entertainment but in whatever they choose to pursue.

The young age structure presents Treasury with an opportunities. Between now and 2026, 98,000 young Pacific people will become part of the working age population. They will replace 16,000 Pacific people who will turn 65⁴. We recognise however that the latter tend to be low skilled. The lack of net worth among Pacific people is in part due to the age structure and lower incomes, but also due to remitting and gifting. Whether this is an issue or not is for Pacific communities to discuss. But a lack of net worth is one barrier to entrepreneurship and self-employment which negatively impacts on efforts to raise Pacific living standards. We also know that education helps people to rise their skills and knowledge (human capital) noting that as they get older they also build up their human capital and thus are able to earn more.

⁴ MBIE Pacific Economic Strategy discussion document 2015

The Living Standards Framework presents a valuable opportunity which the Treasury can use to better understand Pacific economic performance and through this frame our social investment thinking in areas that matter most to Pacific peoples. The following diagram identifies some of the challenges that face Pacific peoples in New Zealand and the opportunities these provide for building our understanding of the realities facing Pacific communities.

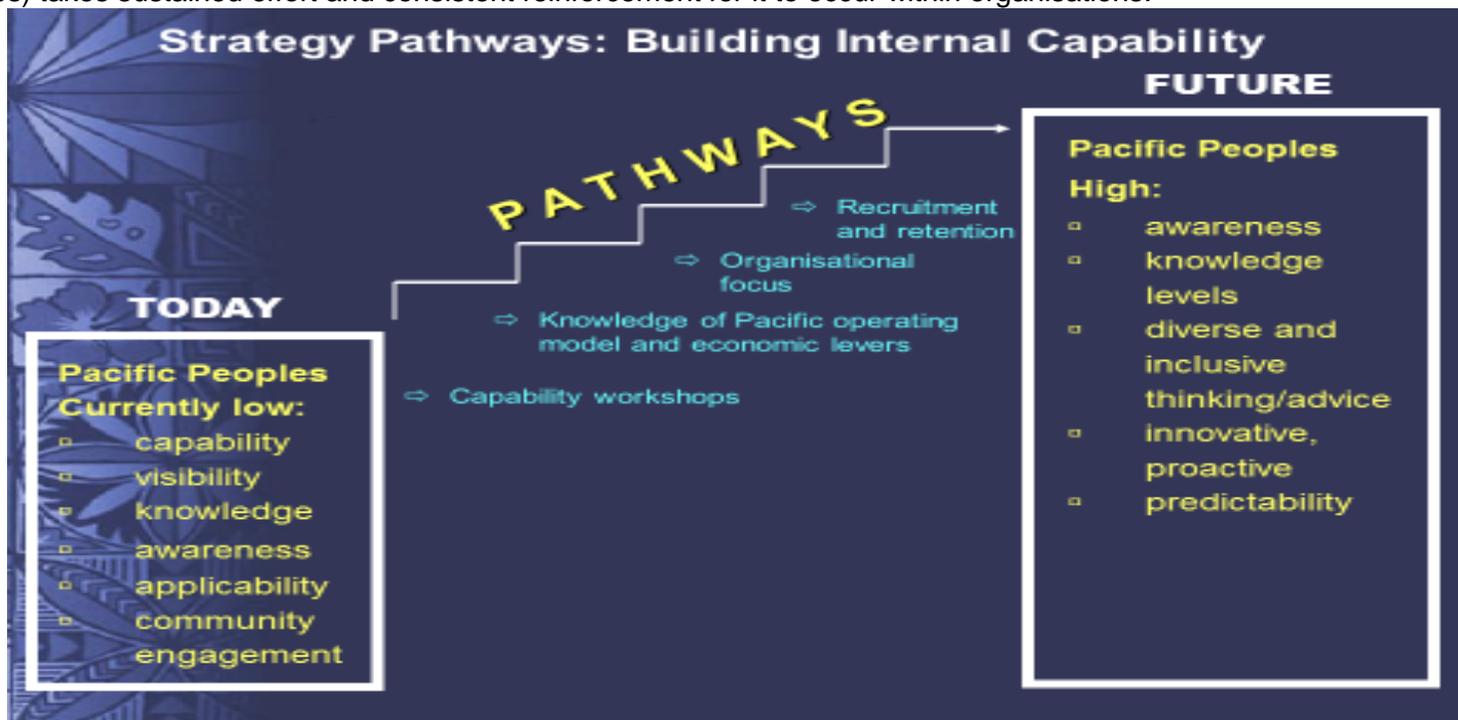


Strategic Objectives:

Internal Objectives

1. All Treasury staff are knowledgeable, familiar with, and understand how to apply the Pacific operating model in their thinking
2. The Living Standards framework is relevant and applicable to Pacific populations

The diagram below identifies the pathway approach that the Strategy proposes will enable us to meet our internal objective. It identifies some key building block initiatives that can be delivered concurrently within Treasury that would enable us to meet our long term organisational outcomes. The building block methodology has been deliberately selected for the Strategy recognising that changing individual perspectives and organisational thinking frameworks (including an awareness of unconscious bias in organisational systems and practices) takes sustained effort and consistent reinforcement for it to occur within organisations.



External Objectives

3. Pacific economic stakeholders and leaders are engaged with Treasury and those stakeholders feel empowered to provide advice and information to the Treasury on ways in which we can better collaborate to raise Pacific economic performance and wellbeing.
4. Treasury promotes and role models interagency collaboration and joined up projects through its active participation and leadership in key areas

The staircase model below emphasis the building block approach that the Strategy applies to our external objectives.



Operating principles

A number of operating principles have been identified to guide operating practices for the Strategy within the Treasury. These principles recognise that for the strategy to be effective it must engage people at all levels of the organisation in a way that is meaningful and relevant to them. The operating principles recognise that change takes time and defines the leadership expectations necessary to initially guide the implementation of the strategy and to support a sustainable Pacific programme within Treasury.

The following operating principles are identified for Treasury:

1. *We adopt an added value approach to Treasury's implementation of the Strategy and understand the role and impact of unconscious biases in organisational decision making and advice*

The Strategy aims to add value to what we deliver as an organisation. It is not designed to replace or substitute effective and longstanding operating practices within Treasury, but rather it aims to provide alternative perspectives, the consideration which will open up new and innovative solutions and ways of thinking on population specific issues and ways of thinking about them. In this way, the Strategy also serves to reveal our own unconscious biases and the impact of these on our operating practices and organisational responsiveness which we might want to consider in line with best international practices.

2. *Decisions are based on relevant data and evidence*

The use of data, evidence and robust analytics as a basis for our advice and decision making remains a key principle of the Strategy. The intention of the Strategy is to provide us with some insight into Pacific people's view of economic capital, prosperity and wellbeing using Pacific research methodologies and qualitative and quantitative data analysis and suggests how these perspectives could be interpreted and translated into practice that adds relevancy, connectedness and inclusiveness in our pursuit of higher living standards for all New Zealanders. It is a framework for thinking about the nature of reality from a Pacific lens and gives guidance on "what works" from a Pacific perspective which complements our analytics and advice.

3. *We value diversity of thought and its potential for innovative holistic solutions*

Recognising the considerable national and international literature highlighting the economic advantages of diversity and its contribution to social and institutional stability and wellbeing, the Strategy highlight for the Treasury, the different ways that Pacific peoples view themselves and others within the wider New Zealand community. It offers an alternative way of defining and understanding the issues and the challenges facing Pacific peoples within a New Zealand context. This understanding underpins the production of creative and innovative solutions that we expect will make an impact on the economic status and performance of Pacific peoples. The Strategy sets the groundwork for internal

discussions and consciousness raising in the Treasury, on the various ways of thinking and measuring the impact and ownership of policy on diverse groups and its relationship to effective services and interventions

4. We practice social inclusion and recognise ethnic and gender differences

Diversity offers more options, and consequently more solutions tailored to the experiences and realities of specific groups and individuals in society that lead to more effective social investment decisions. The Strategy highlights the various operating practices within the various Pacific communities and its impacts on sub groups within the Pacific community. Whilst recognising this, the Strategy focuses on what Pacific peoples have in common, and notes that there are specific ethnic differences that characterises and separates them from each other. The Strategy also recognises that the Polynesian grouping who shared close affinities, social structures and values with each other comprises approximately 80% of Pacific peoples in New Zealand. To ensure inclusiveness, the Strategy identifies ways in which we can identify and respond to ethnic specific differences and within a Pacific and organisational context. It focuses on what we need to consider when we are thinking about economic performance, social inclusion and how this might inform our organisational responsiveness to ethnic and gender differences within Treasury.

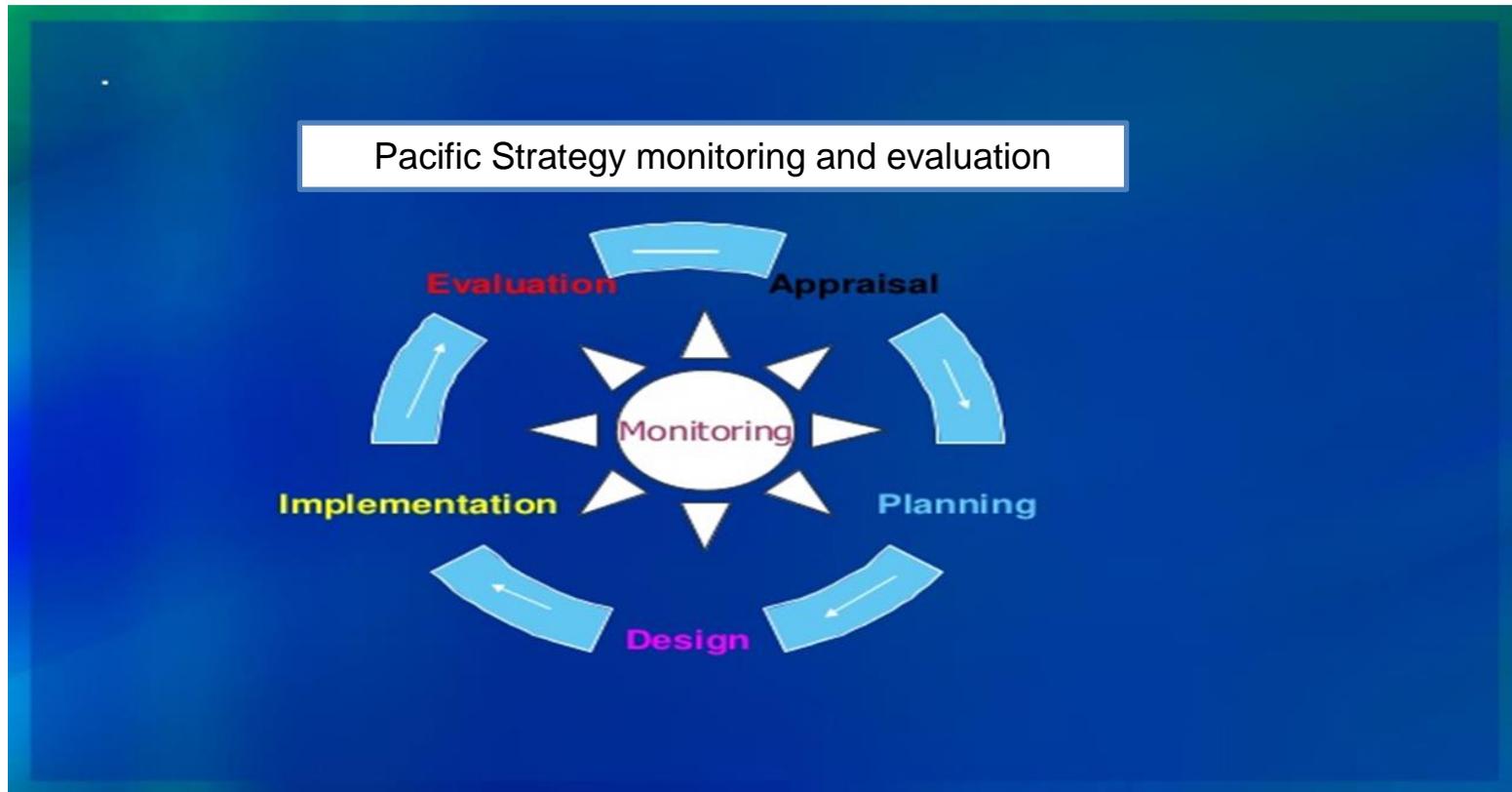
5. We integrate the Pacific operating model into our organisational thinking and our external engagements with Pacific peoples

Understanding the way in which Pacific peoples organise themselves and the way this structure guides family and community interactions and engagements, provides insights into Pacific peoples priority setting and economic decisions. This knowledge enables us to better understand, identify and at times predict the likely responses from Pacific peoples on a range of issues including Pacific peoples understanding and interpretation of economic capitals and the living standards framework. Understanding the Pacific operating model and its practice and its application internally and in our external engagements with Pacific peoples enables us to provide more effective and relevant analysis and advice and offers opportunities for the development of differentiated and targeted policies and support.

Monitoring and Review

The Strategy will undergo continuous improvement processes in a formative evaluative context. As an innovative strategy, it is expected that ongoing assessments of its organisational contribution and impact will result in a living strategy methodology that is flexible, fit for purpose and relevant to the needs of different business units within Treasury. Consistent with its “no one size fits all approach”, the Strategy’s success is dependent on its delivery mechanisms reflecting its focus on “thinking frameworks” and an understanding of Pacific operating models, that best meets the need of each business unit. Feedback loops and qualitative interviews of participants post event will provide the monitoring and evaluation information that will enable us to consider the impact of the programme on staff knowledge and capability,

and identify individual and group needs and options for socialising the Strategy within the Treasury in the longer term. The diagram below identifies the appraisal and review processes for the Strategy implementation.



Consultation

The following have been consulted in the development of the Strategy:

Trevor Moeke, Principal Adviser Maori Crown Capability

Atawhai Tibble, Principal Adviser

Tu Sciascia, Human Resources Adviser

Jeremy Salmond, Manager Legal Services

Amy Alison, Director Organisational Strategy

Treasury's Pacific Network

Barbara Grieve Principal Adviser Organizational Strategy

Toby Cooper, Principal OD Adviser.

Recommendations:

It is recommended that ELT:

- a) **Note** the development of a Pacific Strategy for Treasury
- b) **Note** that this is the first Pacific Strategy for Treasury

- c) **Approve** the following 4 strategic objectives of the Strategy:
 1. All Treasury staff are knowledgeable, familiar with, and understand how to apply the Pacific operating model in their thinking
 2. The Living Standards framework is relevant and applicable to Pacific populations
 3. Pacific economic stakeholders and leaders are engaged with Treasury and those stakeholders feel empowered to provide advice and information to the Treasury on ways in which we can better collaborate to raise Pacific economic performance and wellbeing.
 4. Treasury promotes and role models interagency collaboration and joined up projects through its active participation and leadership in key areas

- d) **Refer** the Strategy along with an implementation plan to Kaiurangi for decision on implementation and resourcing

- e) **Direct** Kaiurangi to report back to ELT on the implementation of the Pacific Strategy